

Message Text

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SUBJECT: FAHMY'S COMMENTS ON NEW CABINET

SUMMARY: FAHMY VIEWS NEW CABINET AS STRONGER, MORE DECISIVE THAN HEGAZI GOVERNMENT. UNLIKE HEGAZI, PRIMIN, GAMASY AND HE ARE ALL CLOSE TO THE PRESIDENT AND CAN ELICIT HIS SUPPORT. VARIOUS NEW ECONOMIC MINISTERS ARE BRIGHT AND DYNAMIC. SINCE NO SUITABLE PERSON COULD BE FOUND TO TSJOB OF DEPUTY PREMIER FOR ECONOMIC AND INDUSTRIAL AFFAIRS, INTER-MINISTERIAL COORDINATION WILL BE THOUGH COMMITTEES. FORMER VP HUSSEIN SHAFEI REMOVED BECUASE OF HIS ALLEGED ACTIVITIES TO INCITE NASSERISTS AND MUSLIM BRETHREN ELEMENTS. MUBARAK NAMED VP TO PROJECT IMAGE OF YOUTH AND TO KEEP ARMED FORCES HAPPY, BUT NOT RPT NOT AS A PUTATIVE SUCCESSOR. FIRST MEETING OF NEW CABINET YESTERDAY BUSINESSLIKE AND FAHMY IS OPTIMISTIC IT WILL PERFORM. END SUMMARY.

1. WHEN MEETING WITH FAHMY TODAY I CONGRATULATED HIM ON HIS ELEVATION TO THE POSITION OF DEPUTY PRIME MINISTER AS WELL AS FOREIGN MINISTER. HE WAS CLEARLY PLEASED WITH THIS PRESIDENTIAL RECOGNITION OF HIS SERVICES AND THE PUBLIC PROJECTION IMPLICIT THEREIN THAT HE CONTINUES TO ENJOY THE PRESIDENT'S FULL CONFIDENCE DESPITE THE SUSPENSION OF THE DISENGAGEMENT TALKS. I ASKED HIM IF HE COULD TELL ME A BIT ABOUT THE NEW GOVERNMENT.

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2. FAHMY RELATED THAT THE PRESIDENT HAD BECOME EXTREMELY

DISSATISFIED WITH THE PERFORMANCE OF THE HEGAZI CABINET. LACKING AN INDEPENDENT POWER BASE AND NOT BEING A CLOSE CONFIDENT OF THE PRESIDENT, HEGAZI HIMSELF, WHILE WELL INTENTIONED, HAD BEEN INEFFECTIVE. HE COULD NOT GET THE VARIOUS ECONOMIC MINISTRIES TO EXERT HIS DECISIONS. HEGAZI WOULD GIVE INSTRUCTIONS TO THE INDIVIDUAL MINISTRIES AND NOTHING WOULD BE DONE. MEANWHILE, EGYPT'S ECONOMIC PLIGHT WAS BECOMING WORSE AND PUBLIC DISCONTENT WAS GROWING. IN THE CIRCUMSTANCES, THE PRESIDENT DECIDED TO INSTALL A NEW, STRONGER CABINET SPECIFICALLY CHARGED WITH (A) HANDLING SECURITY MATTERS AND (B) IMPROVING EGYPT'S ECONOMIC SITUATION.

3. WHEN I ASKED FAHMY IF HE VIEWED THE NEW CABINET AS STRONGER THAN THE OLD, HE REFLECTED FOR A FEW MINUTES BEFORE REPLYING. HE THEN SAID IT IS NOT AS STRONG AS HE WOULD HAVE LIKED, BUT THAT IT IS STRONGER THAN THE PREVIOUS CABINET. HE CLAIMED PRIMIN MAMDOUH SALEM, GAMASY AND HE ARE THE THREE PRINCIPAL MEMBERS OF THE NEW CABINET. ALL THREE ARE CLOSE TO THE PRESIDENT AND CAN THEREFORE ELICIT HIS SUPPORT AS NEEDED. HE SPOKE VERY HIGHLY OF THE NEW MINISTER FOR ECONOMIC COOPERATION SHAFEI, NOTING HE IS A TOP ECONOMIST, PRINCETON TRAINED, AND A STRONG SUPPORTER OF DEVELOPING THE PRIVATE SECTOR. AT YESTERDAY'S CABINET MEETING, IN FACT, SHAFEI HAD MADE A STRONG PITCH FOR VIRTUALLY DISMANTLING THE PUBLIC SECTOR. HE HAD HAD TO BE TONED DOWN, BUT FAHMY EXPRESSED CONFIDENCE THAT SHAFEI WILL GET THINGS DONE AND THAT WE CAN WORK WITH HIM. HE ALSO SPOKE HIGHLY OF NEW MINISTER OF AGRICULTURE (AND SUDANESE AFFAIRS) BADRAN AND THE NEW MINISTER OF IRRIGATION ATTA, BOTH OF WHOM HE DESCRIBED AS US EDUCATED AND AS MEN OF DRIVE.

4. WHEN I ASKED ABOUT THE LACK OF A DEPUTY PRIME MINISTER TO COORDINATE ECONOMIC AFFAIRS, AS HAD EARLIER BEEN MOOTED, FAHMY SADI MUSTAPHA KHALIL HAD BEEN OFFERED SUCH A POST AND PRECISELY FOR THIS PURPOSE (CAIRO'S 3836). KHALIL HAD DECLINED THE OFFER, HOWEVER, SINCE HE IS EARNING MORE IN HIS PRIVATE BUSINESS THAN HE WOULD AS DEPUTY PRIME MINISTER. TO THE EXTENT INTER-MINISTERIAL COOPERATION IS NEEDED FOR ECONOMIC PROJECTS, THIS WILL BE DONE THROUGH COMMITTEES AND/OR

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TASK FORCES.

5. FAHMY CONFIRMED THAT, WITH THE NAMING OF AIR MARSHAL HOSNY MUBARAK AS VICE PRESIDENT, FORMER VICE PRESIDENT HUSSEIN SHAFEI IS OUT. THE PRESIDENT, HE EXPLAINED, HAD GOTTEN RID OF HIS OLD RCC COLLEAGUE SHAFEI FOR A NUMBER OF REASONS. FIRST, SADAT WANTED TO PROJECT AN IMAGE OF A NEW GOVERNMENT WITHOUT ANY OLD RCC HANGOVERS. SECOND,

SHAFEI, IN THE PRESIDENT'S VIEW, HAD RECENTLY BEEN INCITING NASSERIST AND MUSLIM BRETHREN ELEMENTS TO EXPRESS DISSATISFACTION WITH SADAT'S POLICIES. LONG STRONGLY ISLAMIC IN HIS OUTLOOK, SHAFEI HAD RECENTLY GIVEN A FRIDAY SERMON AT A MOSQUE IN WHICH HE HAD CALLED FOR ADHERENCE TO MUSLIM PRECEPTS AND, BY INDIRECTION, TAKEN A SLAP AT SADAT FOR ALLEGEDLY IFNORING THESE. BY REMOVING SHAFEI, IN FAHMY'S VIEW, THE FORMER VICE PRESIDENT'S ABILITY TO LEAD A NASSERIST OR BUSLIM BRETHREN OPPOSITION TO THE PRESIDENT IS SCOTCHED.

6. MUBARAK WAS BROUGHT IN TO PROJECT THE IMAGE OF YOUTH AND TO KEEP THE ARMED FORCES CONTENT. FAHMY NOTED THAT MUBARAK IS POPULAR INSIDE AND OUTSIDE OF THE ARMED FORCES, BUT CONCEDED THE NEW VICE PRESIDENT KNOWS NEXT TO NOTHING ABOUT POLITICS. SADAT IS BRINGING HIM INTO ALL MEETINGS, HOWEVER, SO THAT MUBARAK WILL LEARN. NO SPECIFIC FUNCTIONS HAVE YET BEEN ASSIGNED TO HIM. FAHMY EXPHASIZED THAT MUBARAK'S DESIGNATION SHOULD NOT RPT NOT BE INTERPRETED AS SUGGESTING SADAT HAS CHOSEN THE NEW VICE PRESIDENT AS HIS PUTATIVE SUCCESSOR. THIS WAS NOT INTENDED.

7. FAHMY DESCRIBED YESTERDAY'S FIRST MEETING OF THE NEW CABINET AS FAR MORE BUSINESSLIKE THAN HEGAZI CABINET MEETINGS. UNDER MAMDOUH SALAM'S DIRECTION, THE NEW MINISTERS HAD OUTLINED THEIR PROGRAMS AND PLEDGED THEMSELVES TO PUSH THESE. THERE HAD BEEN NEITHER THE BICKERING BETWEEN AND AMONG MINISTERS NOR THE INDECISIVENESS SO CHARACTERISTIC OF HEGAZI CABINET MEETINGS. HE HOPED THIS NEW SPIRIT WILL CONTINUE AND EXPRESSED PERSONAL CONFIDENCE THAT IT WILL.

8. SINCE HEGAZI WAS A GUEST OF HONOR AT THE FAHMY'S
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WEDDING RECEPTION LAST NIGHT, I ASKED WHAT THE FORMER PRIME MINISTER EXPECTS TO DO. FAHMY SAID IT IS HIS UNDERSTANDING HEGAZI WILL GO BACK TO HIS FORMER ACCOUNTING FIRM.
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